

DRAFT

Chapter 10: Using and Managing the TMC Business Plan

Chapter Purpose and Objectives:

This chapter provides guidance for agencies in how to make the TMC Business Plan an important tool for continued TMC operations and expansion. This chapter also discusses the importance of developing a strategy and timeframe for reviewing and updating the TMC Business Plan. Key considerations for when agencies should revisit, and potentially update, the TMC Business Plan are explored.

Key Messages/Themes:

The overall usefulness and success of the TMC Business Plan rests on effective implementation and continued monitoring. Monitoring and managing the Business Plan is an ongoing process with specific milestones. A key element of the implementation process is measuring progress toward goals (i.e., how strategies, goals and end states defined in the Business Plan are being implemented or performing in relation to the Value Propositions) to demonstrate continued value and benefit of the role and function of the TMC.

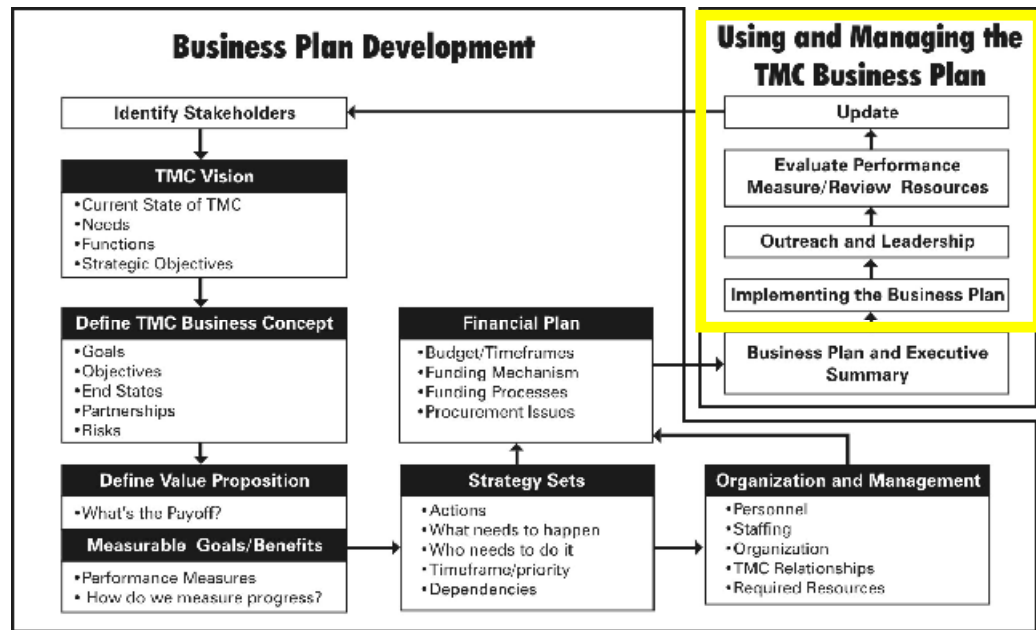
Key Topics and Issues to be Covered:

Chapter 10 addresses the procedures for using, managing and updating the TMC Business Plan. A major focus of this chapter is the importance of using the TMC Business Plan to guide ongoing planning and expansion of the TMC, and for setting clear milestones to review and measure the success or progress of the directives outlined in the TMC Business Plan. The need to communicate these milestones and successes to stakeholders also is stressed. Finally, this chapter discusses the importance of treating the TMC Business Plan as a living document that needs to be periodically reviewed and updated based on changing priorities or new functional capabilities.

How This Chapter Relates to Other Chapters:

The previous chapters showed how to develop an effective TMC Business Plan, including engaging stakeholders in visioning and developing a sound business concept, identifying key strategies and timeframes, articulating value propositions and anticipated benefits, implementing an organization and management structure to support the strategies, and developing a financial plan and funding strategy. This chapter provides guidance on the processes that follow after completing the Business Plan and how to use the plan as a management tool.

As illustrated in the following graphic, the implementation and management of the TMC Business Plan is the next logical step after the completion of the Business Plan. Each update to the Business Plan starts the Business Plan Development cycle all over again beginning with the identification of stakeholders.



Remaining Sections:

- 10.1 Implementing the TMC Business Plan
 - 10.1.1 Business Plans as a Management Resource
 - 10.1.2 Monitoring Progress
- 10.2 Updating the Plan
 - 10.2.1 General Principles
 - 10.2.2 Approaches and Methods for Updating the Business Plan

10.0 Implementing the TMC Business Plan

Once all of the core components of the TMC Business Plan have been developed, the next step is to put the Plan into action. Implementing the Plan involves setting Business Plan implementation milestones based on strategies, organization and management structure and the financial plan and periodically reviewing the progress of these items toward the desired end-states outlined in the Business Concept; in essence, measuring how (or if) the milestones are being achieved. It also involves communicating to internal and external stakeholders about the Plan and its purpose and measuring progress towards meeting the Plans' objectives.

An important question TMC managers and agency management will be asking is "Are we achieving what we set out to achieve?" The Business Plan implementation process is a systematic means of periodically asking that question, and reviewing successes, challenges or identifying obstacles that could impede the goals and vision set forth in the Business Concept.

10.1.1 Business Plans as a Management Resource

The TMC Business Plan is an effective resource for managers. The TMC Business Plan:

- Presents a clear direction of where the TMC is heading in relation to its key functions;
- Defines the key strategies that must be undertaken in order to get there; and
- Maps out the personnel, organization and resources required to meet its goals and objectives.

The TMC Business Plan also is a key tool for the annual budget process. In particular, the Financial Plan element includes financial information that will be very helpful to managers when determining their budget needs. The Financial Plan, contained in Chapter 9 of this handbook, showed TMC managers how to outline significant near-term and future TMC requirements in terms of technology needs, staffing, and related capital and operating expenses.

The financial component of the TMC Business Plan is more than a 'laundry list' of funding needs; it provides a carefully thought-out and integrated funding strategy to address the TMC operations, staffing, technology, and facility requirements. As an example, if one of the key strategies and functions of the TMC is to expand from operating 12 hours per day to 24/7 operations, these costs would not likely be reflected in infrastructure-specific systems costs, but the additional staffing and facility costs would need to be accounted for in the TMC Business Plan. Tying these operational needs back to desired operational roles and benefits, as identified earlier in the process, will help to substantiate the need for funding for this specific function.

A key benefit of the Financial Plan component of the Business Plan, and one that is particularly useful for annual budgeting processes is that it establishes funding linkages and timeframes, which allows TMC managers to be able to incorporate TMC funding requirements into local, regional and state funding and programming schedules.

If the TMC Business Plan is to be used effectively, it will be essential to identify the key staff or stakeholders responsible for implementing and managing the plan. This "champion", or group of champions, will be responsible for reviewing the key implementation milestones in the TMC Business Plan to assess whether or not they are being met, review progress in relation to the established timeline for implementing specific strategies or carrying out specific actions. In general, the milestones involve:

- Following the strategies set forth in the TMC Business Plan;
- Establishing the organizational and management structure defined in the Plan; and
- Meeting the budgetary goals laid out in the Financial Plan.

If milestones are not being met or there are obstacles to implementing specific strategies, it will be up to this individual or group to bring this to the attention of key decision makers and managers so that appropriate actions can be taken. The next section, Monitoring Progress, provides some monitoring and reporting strategies to help champions assess how well the components of the Business Plan are supporting the

Business Concept, and progress toward reaching the goals and desired end states for the TMC.

10.1.2 Monitoring Progress

Demonstrating progress toward established objectives and anticipated benefits is fundamental to the long-term success and viability of the TMC. To accomplish this, the TMC Business Plan should clearly state which entities and individuals are responsible for monitoring and reporting on performance. These individuals will likely be the same as the individuals responsible for implementing the Plan since the two tasks are closely intertwined. It is also likely that other individuals representing other functional areas within the TMC would be involved in assessing and reporting on progress and status. These could include:

- Human resources
- Budgeting and fiscal resources representatives
- Information technology
- Private contractors, if applicable
- Facilities management

To effectively monitor and assess progress, the Plan will need to define a process for reviewing, monitoring and reporting. These assessments should include measurements of how the Business Plan is performing in relation the Value Propositions, reports on progress toward the objectives, inhibiting factors and constraints, and the resources and needs to overcome them. The Plan must specify who will be responsible for monitoring and reporting, as well as how the results will be documented and distributed to management and decision makers.

Measuring or monitoring performance could be presented in the form of annual reports or presented to subcommittees, leadership groups and other meetings to which entities belong. The frequency, timeframes, and details for reporting progress, status or results will vary. While weekly, monthly, or quarterly reports are typically operations focused and intended for internal audiences, annual reports are better suited for management and can document key impacts and performance.

Example – Arizona Department of Transportation Strategic Action Plan

As part of its Strategic Plan, the Arizona Department of Transportation requires each of its divisions to provide quarterly status reports on specific goals that have been identified for the divisions or groups. For each goal, strategies, performance measures, action steps, milestone dates and timeframes, and owners (those responsible for the actions) are identified. The Transportation Technology Group, which includes the ITS program, reports quarterly to ADOT management on progress for each of the actions and measures. In this context, the measures are very specific to system performance and operations, such as:

Goal: Provide Statewide Incident Management

Strategies:

- Continue to improve incident management procedures at Traffic Operations Center.
- Replace pagers and upgrade ADOT's pager system.

Objectives:

- For FY 2005, to provide incident management acknowledgement, response, and closure times of 10, 30, and 120 minutes respectively, in Phoenix, and 15, 60, and 120 minutes in other areas.

Measures:

- Number of incidents entered into the system
- Average incident acknowledgement time (urban)
- Average incident acknowledgment time (rural)
- Average response time (rural)
- Average closure time (rural)

Other goals focus on such items as workforce training, project design and bidding, as well as improving public and political support through outreach. ADOT staff responsible for the Strategic Plan quarterly reporting also provide a summary of action items completed, delayed and percent complete. These Strategic Plans are updated each year, but the interim reporting provides TMC staff as well as State DOT Managers with regular assessments of how well divisions and groups are performing against established goals, and how well systems are performing against specific measures.

Most facets of the TMC Business Plan will likely require longer periods of time to allow for deployment, integration and operations prior to assessing progress or impacts of a specific strategy.

There is a risk of overlap between the TMC performance monitoring and other monitoring activities such as Concept of Operations monitoring and Operations performance measurement. It will be important to coordinate these efforts and realize that the focus of the TMC Business Plan assessment and monitoring is on Business Plan impacts, achievements, and milestones.

10.2 Updating the Plan

The TMC Business Plan will need to be modified and updated on a regular basis to reflect constraints, and to address identified deficiencies, areas for improvement, or redefine a TMCs mission and core purpose based on broader agency goals and priorities. The performance monitoring process described in the previous section will drive the need for many of these updates, although shifts in agency goals and priorities, major reorganizations of staff or divisional responsibilities or funding issues could be a significant impetus to updating or making substantial revisions to the Business Plan. This rest of section discusses the general principles involved in updating the Plan and

presents various methodologies for agencies to consider when formulating a Plan update process.

10.2.1 General Principles

There are a number of factors that must be considered in developing a process for updating the TMC Business Plan. These include the following:

- Update frequency;
- Factors resulting in the need for updates;
- Identifying who will make updates;
- Responsibilities of the Plan maintainer; and
- Critical components of the Plan needing updating.

One of the first things to consider in the plan update process is determining when the Plan needs to be updated. This can be accomplished either by setting a fixed timeframe for updates to occur (such as every five years) or by updating the Plan as conditions necessitate.

One method in determining the update frequency is identifying the key events that will drive the need for updates. These regionally significant triggers may include major planning milestones such as:

- Updates to the Transportation Improvement Program (TIP);
- Updates to the regional ITS Architecture; or
- Major system deployments such as a new central traffic signal system or a new CCTV system.

It is also necessary to assess the staff and resources required to update the TMC Business Plan. Since this responsibility may be taxing for a single person, it often makes sense to establish a TMC Business Plan update committee. This committee should be made up of various stakeholders familiar with various aspects of the Business Plan such as planning, operations, management, performance measures, and the Financial Plan. If a committee is used, it will be necessary to identify one person to be the coordinator of the update effort.

Another important principle in the update process is knowing what is expected of the person or committee responsible for maintenance of the Plan. The committee coordinator or person identified to maintain the TMC Business Plan will need to be responsible for the following, at a minimum:

- Keeping the electronic and/or paper copies of the latest version of the TMC Business Plan;
- Tracking the update schedule and initiating updates to the Plan;
- Soliciting input from the TMC Business Plan stakeholders before major updates;
- Reviewing the latest version of the Plan and making revisions to reflect any developments or changes since the last update (or overseeing the update process if done by an outside consultant).

It is also important for the person or committee responsible for the updates to know which parts of the TMC Business Plan are most likely to require frequent updates and reviews. These sections of the Business Plan will need to be the focus of every update whereas the other sections may not change much over time. In most cases, the Strategy Sets, Organization and Management, and Financial Plan are the parts of the Business Plan most likely to change and require updating. On the other hand, the TMC Vision, and TMC Business Concept are probably less likely to change over time.

10.2.2 Approaches and Methods for Updating the Business Plan

The previous section reviewed some the basic principles involved with updating a TMC Business Plan. The next step is to develop an approach for updating the Plan. The approach and method for updating the TMC Business Plan is likely to vary for different types of TMCs based on scale and function. Larger TMCs with many different agencies involved or rapidly growing TMCs are more likely to require a stringent update procedure than smaller, or more mature TMCs. This is because as TMCs grow and take on new functions, their Business Plans will likely need to be updated to reflect these changes.

A basic methodology for updating the Plan can be developed by following the key principles defined above. The first step is to determine when to update the Plan. If a fixed update cycle is set, it should take into consideration the key regional triggers and schedule the updates around these events. For instance, an agency may decide to tie their TMC Business Plan updates to their local programming process. Under this scenario, the Plan could be updated approximately six months prior to the region's Transportation Improvement Program (TIP) update.

Another approach could be to update the Plan as conditions necessitate. This will often occur as a result of a new system being implemented, new partners being introduced to the TMC or other operational expansions. An increase in the scale and/or scope of functional responsibilities of the TMC will require an update of the TMC Business Plan, in context with the new level of responsibilities. As traveler information systems, integration with emergency management, or other operational expansions (e.g. jurisdictional expansion, hours of operation, new partners colocated in TMC, interfaces with other partners required), or focus areas are brought on-line, a shift or update of the TMC Business Plan may be required to assess the additional needs and resources required. If the TIP update process is a significant target date, TMC Business Plan revision should be complete at least six months prior to the TIP or Capital Improvement revision so that funding needs in the Business Plan can be considered as part of these processes. As Chapter 9 described, there is often a long lead time between an element being added to a TIP and funding actually becoming available.

Once the need for an update has been identified, the next step is to identify the person or group of people who will review the TMC Business Plan and make the necessary revisions. As discussed in the previous section, this can be assigned to either a single person or an update committee but if a committee is used, there should be a single person identified as the coordinator. If an agency does not have the resources to actually do the work involved with the update, the work could be outsourced to a consultant. In this scenario, the consultant would be in charge reviewing the latest version of the Plan and making the necessary revisions under the direction of the update committee or maintainer.

Finally, there needs to be a general understanding of what responsibilities are involved in maintaining the TMC Business Plan and which parts of the Plan are the most likely to change. Aside from keeping track of when the updates need to occur, the maintainer will need to keep copies of the latest version of the Plan on hand, solicit input from the stakeholders, and either make the revisions themselves or oversee this work if it is done by an outside consultant.

In conclusion, it will be essential that the TMC Business is treated as a living document and updated and revised on a regular basis. A TMC is a dynamic entity and its success depends on having a current Business Plan that can be used as a management resource - not left on a shelf. The objective should be to maintain the TMC Business Plan as a useful, relevant document that will enhance the ability of the TMC to meet its stated goals and objectives, and in turn the objectives of the agency or region it serves.